



Independent Electrical Contractors of New England, Inc.



Testimony
Brian Bonner
Immediate Past President
IEC-NE
Labor and Public Employees Committee
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The Independent Electrical Contractors of New England (IEC-NE) ***opposes* Section 1 of HB-5377 which would extend the state's prevailing wage requirements to private construction projects receiving "financial assistance"**. Extending the prevailing wage requirements to private construction projects receiving a broad range of financial assistance from the state as contemplated in HB-5377 will set a dangerous precedent.

IEC-NE's opposition to Section 1 of this bill relates to the very broad impact which needs to be considered. The large majority of energy projects constructed in CT receive some sort of funding through a quasi government agency, i.e. CEFIA (CT Green Bank), C-PACE or CT Innovations. The financial models that make these projects feasible will now be negatively impacted. For example, XYZ Manufacturing contracts with a solar contractor for a Solar PV system on their business, this project is going to receive funding (incentive or "financial assistance") from CEFIA, a sales tax abatement from DRS, and a property tax abatement from the local municipality that the business is located in. The solar contractor will now be required to pay prevailing wages to install XYZ's system. The same would hold true for an energy conservation project at their facility involving new LED lighting, upgrades to their heating system, including conversion to Natural Gas, and building envelop insulation measures all of which will receive funding (incentive or "financial assistance") from the CT Energy Efficiency fund or a guaranteed loan through the C-PACE program. If XYZ now needs to pay prevailing wage, then the financial model is negatively impacted and the project an associated jobs, will be negatively impacted.

The bill also does not speak to existing projects that may have already been approved or in progress prior to the proposed effective date of Section 1 of January 1, 2017. Will these projects now need to be revised to incorporate the prevailing wages, at what cost to the Connecticut businesses?

Energy incentives are designed to encourage purchase and implementation of systems that will help CT be more energy efficient, expand the Energy Portfolio and create jobs. Economic development incentives are designed to encourage employers to expand or relocate to Connecticut – to let employers know that Connecticut is a good place to do business. **Section 1 of HB-5377 undermines the progress that Connecticut has recently made. IEC-NE therefore urges lawmakers to reject Section 1 of HB-5377 and instead, help Connecticut-based small contractors compete for jobs by focusing on the provisions contained in Section 2 of the bill which updates the prevailing wage thresholds on publicly funded projects to reflect current market prices.**

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